

**NORTH DAKOTA DEPARTMENT OF HUMAN SERVICES
BISMARCK, NORTH DAKOTA
December 8, 2014**

IM 5226

TO: County Social Service Directors
Economic Assistance Policy Regional Representatives
Economic Assistance Policy Quality Control Reviewers

FROM: Julie Schwab, Director, Medical Services

**SUBJECT: ACA – Income – Treatment of Net Operating Loss
Carry-over**

PROGRAMS:

EFFECTIVE: For new applications and reviews processed for the benefit
month of January 2015 and thereafter.

RETENTION: Until superseded

SECTIONS 510-03-85-13 ACA Income Methodologies
AFFECTED: 510-07-40-19 ACA Healthy Steps

Per recent clarification from CMS: Net Operating Loss (NOL) Carryovers must be allowed to reduce other gross countable income when determining MAGI income. This does not only apply to self-employment income but to all income.

1. Using the amount from the line on the income tax forms titled 'Adjusted Gross Income (AGI)';
2. Subtract any amount in the line titled 'Wages, salaries, tips, etc.', as current, point in time income is used.
3. Subtract the amount in the Capital Gain line, if Capital Gains are not expected to recur. (If they are expected to recur, do not subtract them).

4. Subtract the amount in the 'Taxable refunds, credits, or offsets of state and local income taxes' line as these are ONLY countable in the month received.
5. Subtract any scholarships, awards, or fellowship grants used for education purposes and not for living expenses, IF they are included in the 'Adjusted Gross Income'.
6. Add tax-exempt interest;
7. Add tax-exempt Social Security income (determined by subtracting the taxable amount of Social Security Benefits from the total amount.)
- ~~8. Add any NOL carry over losses; (usually listed on Line 21) as 'carry over' losses are not allowable deductions from current years income.~~

If you have questions, please contact your Regional Representative.